

Introduction

The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) provide federal subsidies for more than 27 million meals served to school children each school day. Over half of these meals receive an extra subsidy because they are served to low-income children who are eligible for free or reduced-price meals. Students become eligible to receive free or reduced-price meal benefits through direct certification or through application. Direct certification is based on documentation provided by a State Food Stamp or Temporary Assistance for Needy Families (TANF) administering agency which establishes that a student is a member of a household which receives benefits under these programs. All directly certified students are eligible for free meals. Students who are not directly certified can be approved for benefits based on an application which reports either:

- Household certifications for food stamps, TANF, or Food Distribution Program on Indian Reservations (FDPIR), which establish categorical eligibility for free meals, or
- Income and household size information that establishes household income below 130 percent of the Federal Poverty Level (FPL) for income-eligible free meals or between 130 and 185 percent of the FPL for income-eligible reduced-price meals.

Applications approved for free or reduced-price meal benefits are subject to verification. School Food Authorities (SFAs) are required to select 1.5 or 3 percent of all applications for verification. In 2004-2005, they were required to complete the verification process by December 15. In most cases, households whose applications are selected for verification must present documentation that establishes that the household is eligible for food stamps, TANF, or

FDPIR benefits, or that the household income is below 130 percent or 185 percent of the FPL in order to continue receiving free or reduced-price benefits. Students who are directly certified for free meals are not subject to verification.^{1,2}

This report presents results of the verification reporting for the 2004-2005 school year (SY). In SY 2004-2005, SFAs had the option of selecting applications through random sampling, focused sampling, or by verifying all applications. If a random sample was used, it included the lesser of 3,000 or 3 percent of applications. In a focused sample, SFAs selected applications from students in families that have incomes close to the upper cutoff of eligibility, plus a smaller sample of applications from households that reported receipt of TANF, food stamps, or FDPIR. A focused sample included the lesser of 1 percent or 1,000 of all income-approved applications selected from applications that listed income within \$100 monthly or \$1,200 annually of the free and reduced-price guidelines for that household size ("error-prone"), plus 0.5 percent or 500 of all categorically approved free applications (those approved based on household eligibility for food stamps, TANF, or FDPIR).

¹ In addition to directly certified students, other categories of students may receive free meal benefits without submitting an application. These include homeless and migrant students; students enrolled in income-eligible Head Start or Even-Start programs; children who reside in Residential Child Care Institutions; and children who are certified by local officials based on observed need. The eligibility of these students does not have to be verified.

² In addition to students who are individually certified for free meal benefits, students who attend schools operating under special claiming procedures called Provision 2 and Provision 3 receive free meals without being either directly certified or submitting applications every year.

Data

Data³ were received from 16,680 SFAs within 49 Child Nutrition State Agencies⁴ that administer NSLP/SBP. In addition, data from 3 of the 4 states in which FNS Regional Offices administer the NSLP in private schools and/or private Residential Child Care Institutions (RCCIs) were received for 61 of their 210 SFAs.⁵ The number of students enrolled in these SFAs was 44,841,890, representing 90.4 percent of the total enrolled in schools operating the NSLP and/or SBP nationwide.

In the SFAs that reported data, 35.1 percent of enrolled students were certified to receive free meals and 7.8 percent were certified to receive reduced-price meals. This compares to 36 percent of enrolled students certified for free meals and 8.1 percent certified for reduced-price meals for all NSLP participating schools, based on administrative data submitted to FNS for October 2004.

³ FNS has not independently validated the accuracy of this data.

⁴ SY 2004-05 was the first year of data collection. Data collected represents 86 percent of the Child Nutrition State Agencies and 80 percent of the SFAs. SFAs in North Carolina, Massachusetts, Rhode Island, Guam, and one of the two State agencies in both Oklahoma and Arkansas are not included in this analysis either because the data submitted to FNS was not usable or because no data was submitted. Incomplete data was received from Alaska, Colorado, Connecticut, Florida, Georgia, Illinois, Montana, New Hampshire, New Mexico, North Dakota, Oregon, Texas, Vermont and Washington. SFAs in Puerto Rico and the Virgin Islands are not subject to verification reporting requirements and are not included in this analysis because they provide free meals to all children in schools under their jurisdiction, regardless of the economic need of the child's family.

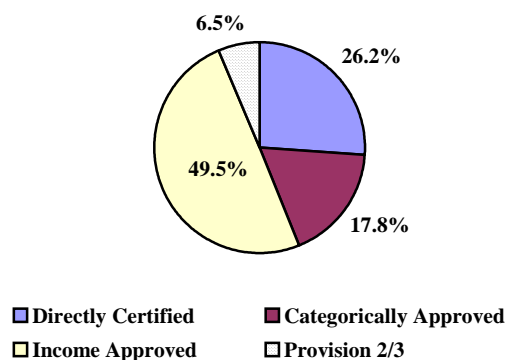
⁵ RCCIs with no day students and SFAs with no free or reduced-price eligible students were not required to report.

Findings

Free Meal Certification

As shown in Figure 1, nearly half of the students certified for free meals were approved based on income. Twenty-six percent of students certified for free meals were either directly certified, on the homeless liaison list, enrolled in income-eligible Head Start or pre-K Even Start, residential students in RCCIs, or approved by local officials (without submitting an application). Almost 18 percent were categorically approved based on a food stamp, TANF, or FDPIR case number submitted on an application. Free approved students in Provision 2/3 non-base-year schools accounted for the least amount of free approved students (6.5 percent).⁶

Figure 1: Students Receiving Free Meals, SY 2004-2005



Of the reduced-price meal students, 4.9 percent were students in Provision 2/3 non-base-year schools; all others were approved based on income and household size reported on an application.

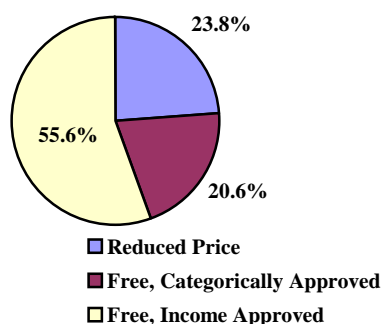
Verification

Verification affects only those students who are approved for free or reduced-price meals based on an application. SFAs reported that 435,989 applications, 4.2 percent of total applications approved, were selected for verification. As

⁶ Provision 2/3 numbers are estimations from base year percentages, adjusted for enrollment, not individually eligible children.

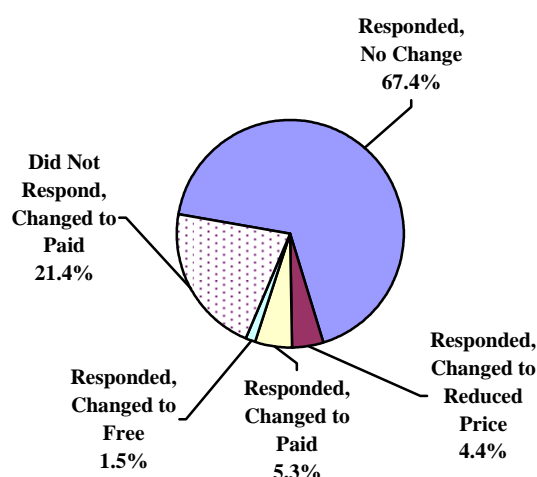
shown in Figure 2, of those applications selected for verification, more than half were free approved based on income, 23.8 percent were reduced-price approved, and 20.6 percent were categorically approved for free meals.

Figure 2: Applications Selected for Verification, SY 2004-2005



SFAs reported that the majority of applications selected for verification were randomly sampled (74.1 percent), 15.6 percent were selected through focused sampling, and the remainder were from SFAs that verified all approved applications.⁷ Verified applications can remain unchanged, change from free to reduced-price or paid status, or change from reduced-price to free or paid status on the basis of verification information. When no response is received, the students approved based on the application are no longer approved for free or reduced-price meal benefits.⁸ Of the total applications selected, the majority remained unchanged. As shown in Figure 3, there was a change in meal status for 32.6 percent of all verified applications, and the majority of these changes occurred due to nonresponse (21.4 percent of all verified applications).

Figure 3: Verification Outcomes of All Applications, SY 2004-2005



Results by Certification Status

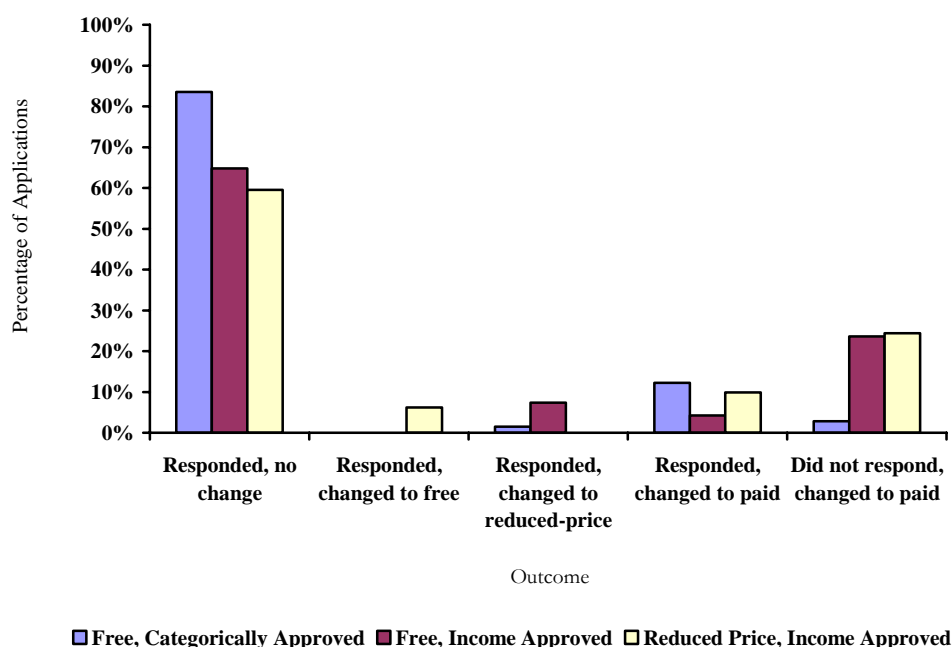
In SY 2004-2005, verified applications receiving free meals based on categorical eligibility were least likely to experience a change in status.⁹ As shown in Figure 4, categorically approved verified applications had the highest percentage of applications remaining unchanged (83.4 percent) as compared to income-approved free meal applications (65.1 percent) and reduced-price applications (60.1 percent). Free meals approved based on income had more applications change to reduced-price (7.3 percent) than free meals approved based on categorical eligibility (1.5 percent). Categorically free meal applications had the highest number of respondents change to paid based on the household's response (12.1 percent); however, this may reflect the fact that nonresponse for these applications was substantially lower than for the other two groups. Nonresponse for both free and reduced-price income-approved applications exceeded 20 percent, while nonresponse for categorically approved applications was only 2.9 percent.

⁷ Due to missing data on the type of verification used, only 411,435 applications were included.

⁸ These students may receive "paid" meals and also may reapply, with documentation, for free or reduced-price meals.

⁹ 435,989 applications reported verification outcomes.

Figure 4: Verification Outcome by Certification Status, SY 2004-05

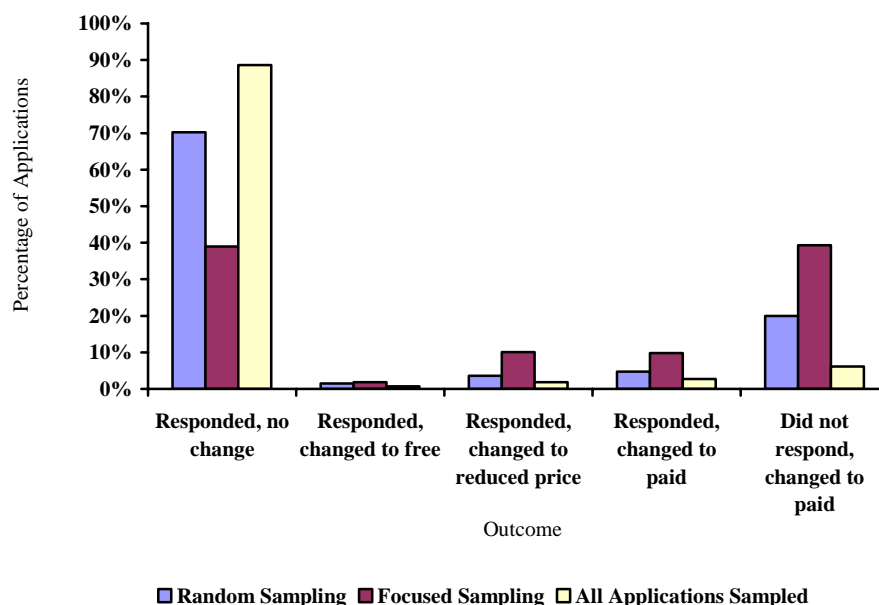


Results by Verification Method

Districts that verified all applications had the smallest percentage of application status changes after verification (11.3 percent). Figure 5 indicates that nearly 30 percent of randomly sampled applications had a change in status; almost two-thirds of applications selected through focused sampling had a change in status. In both cases, the majority of status changes were due to nonresponse. Nonresponse occurred for approximately 40 percent of

applications selected by focused sampling and 20 percent of those selected by random sampling. In districts that verified all applications, about 10 percent of applications were changed from free to reduced-price or from free or reduced-price to paid. Overall, very few applications were changed from reduced-price to free. (For more detail by verification method and application certification status, see the appendix.)

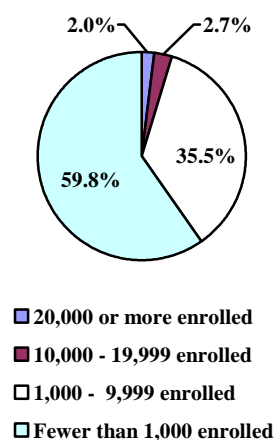
Figure 5: Verification Outcome by Sampling Method, SY 2004-05



Results by Enrollment Level

SFAs who submitted verification summary reports were asked to indicate the number of enrolled students with access to the NSLP/SBP. Total enrollment for all reporting SFAs in SY 2004-2005 was 44,841,890, with the maximum number enrolled of 862,296 students and a minimum of one student. As shown in Figure 6, very small SFAs – those with fewer than 1,000 enrolled – represented the majority of SFAs that submitted verification summary reports.¹⁰

Figure 6: SFA Enrollment Levels, SY 2004-2005

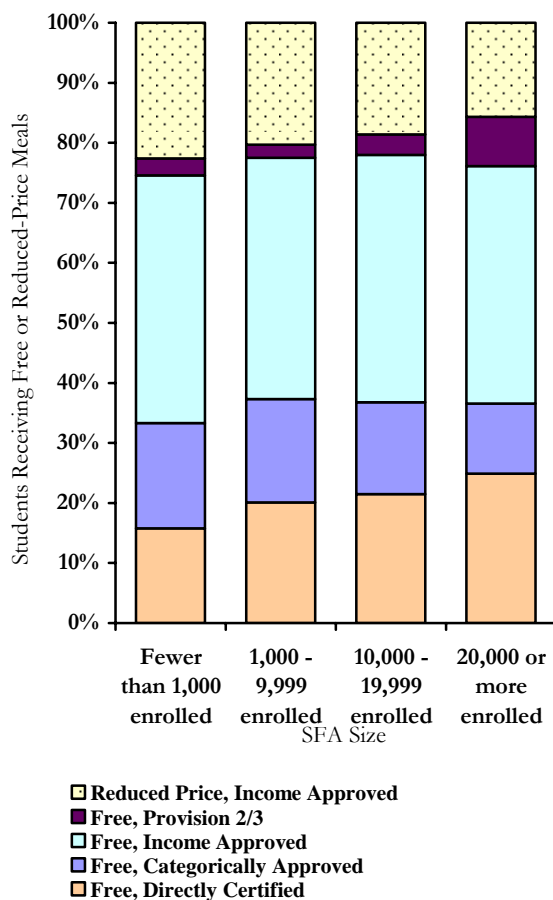


Consistent with the aggregate data, income-approved free meal students represented the largest percentage of free or reduced-price approved students in school districts of all enrollment levels. As shown in Figure 7, the proportion of Provision 2/3 and directly certified students was higher in larger districts. There were slightly higher levels of students approved

¹⁰ Due to missing enrollment data, 130 SFAs were omitted from this analysis.

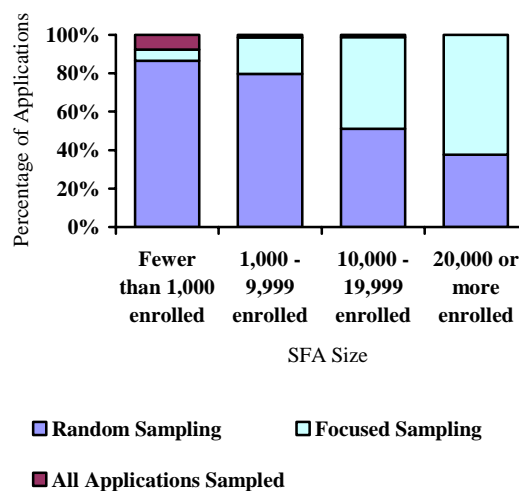
for reduced-price and categorically approved free meals in smaller districts.

Figure 7: Free/Reduced Price Approvals by SFA Size, SY 2004-2005



For verifications in SY 2004-2005, the majority of SFAs with 20,000 or more enrolled students used focused sampling (62.5 percent); none opted to verify all applications.¹¹ (See Figure 8.) SFAs with fewer than 1,000 enrolled students primarily used random sampling to verify applications (87 percent), but also represented the highest share of districts to verify all applications (90.3 percent). (See appendix for more detail.)

Figure 8: Verification Method by SFA Size, SY 2004-2005

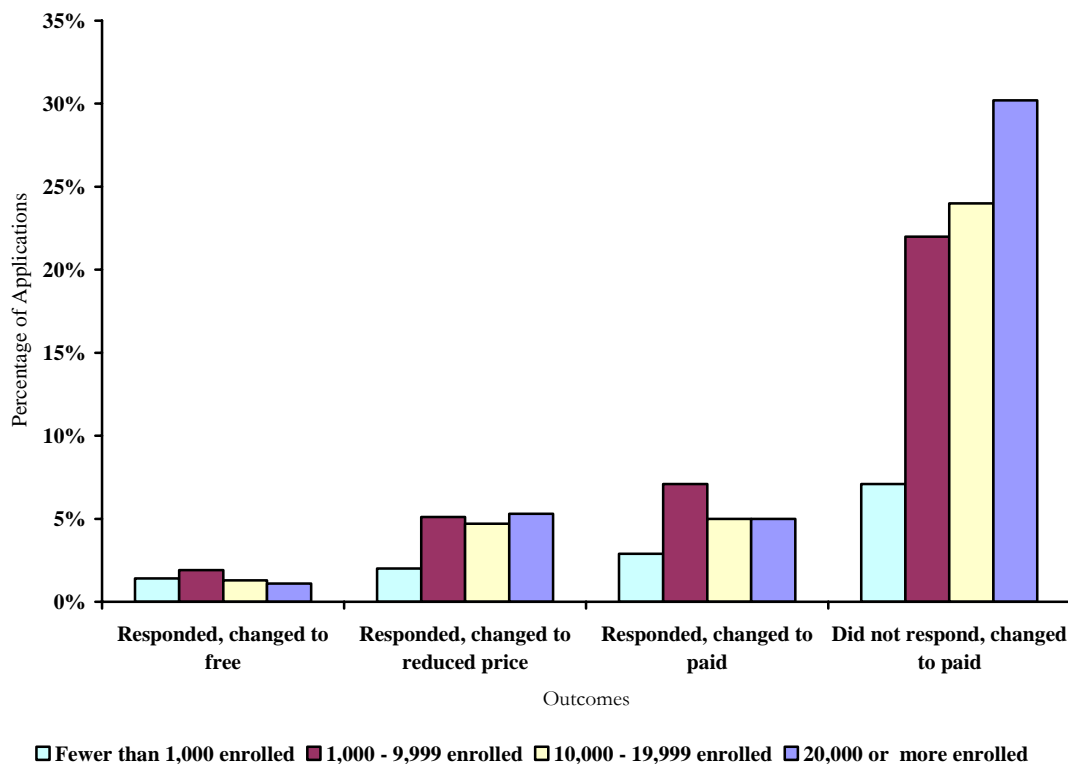


Fifty-eight percent of applications in SFAs with 20,000 or more enrolled experienced no change in certification status.¹² Very small SFAs with fewer than 1,000 enrolled had no change in certification status for 87 percent of their verified applications. Figure 9 shows the percentage of verified applications to experience a change in status by SFA size. Similar to earlier findings, nonresponse was the most common reason for a change in meal status in SFAs of all sizes. Very large SFAs (those with over 20,000 enrolled) had the greatest percentage of applications change to paid due to nonresponse (30.3 percent) while SFAs with fewer than 1,000 enrolled had the least (6.9 percent). Small SFAs – those with enrollment between 1,000 and 9,999 students – had the greatest share of applications that responded and were changed to paid (7.0 percent). Of free meal applications, SFAs with more than 1,000 enrolled had the highest percentage change to reduced-price (4.9 - 5.3 percent) as compared to only 2 percent of SFAs with fewer than 1,000 students. Less than 2 percent of all SFAs had students change from reduced-price to free meal status. (For more detail, see the appendix for results by SFA enrollment level.)

¹¹ Because some SFAs did not report either verification method, enrollment size, or both, 1,243 SFAs were excluded.

¹² Due to the lack of enrollment data, only 435,956 applications were included.

**Figure 9: Changes in Certification Status by Size
SY 2004-2005**



Conclusion

This analysis presents a summary of the verification data submitted by SFAs for the school year ended June 2005. Future analyses will examine regional and state-level verification data. Effective July 2005,¹³ verification sampling requirements changed. Under the new law, most SFAs that had a nonresponse rate of 20 percent or higher for the previous year's verification sample will have to verify the lesser of 3 percent of all approved applications or 3,000 applications, with all applications drawn from error-prone applications. Two types of SFAs are allowed to use the previous sample sizes and sampling procedures (3 percent and

random or 1.5 percent and focused) as an alternative:

1. SFAS that had a nonresponse rate below 20 percent for the prior year's verification;
2. SFAs that a) have at least 20,000 students approved for free or reduced-price meal benefits based on applications and b) showed at least a 10-percent improvement in their nonresponse rate between the second prior year and the prior year.¹⁴

In addition, two other major changes in eligibility certification and verification

¹³ As stated in the Child Nutrition and WIC Reauthorization Act of 2004, P.L. 108-265, an amendment to the Richard B. Russell National School Lunch Act.

¹⁴ In SY 2005-2006 only, districts with 20,000 or more free/reduced-price approved by application may choose the alternate sample if they attempted to verify all approved applications using direct verification.

procedures are in the process of being implemented:

1. All SFAs will be required to directly certify all students in food stamp households for free meal benefits. The requirement will be phased in: in SY 2006 for school districts with an enrollment of 25,000 students or more, in SY 2007 for school districts with an enrollment of 10,000 or more, and in SY 2008 for all remaining districts.
2. Beginning in SY 2005, SFAs have expanded authority to directly verify applications through the use of records from state means-tested programs such as food stamps, TANF, FDPIR, and Medicaid and other approved income-tested programs without contacting the household.

These legislative changes can be expected to change the results of verification. Many large SFAs will be required to increase the number of error-prone applications sampled if they cannot sufficiently improve their nonresponse rate. Small SFAs, which primarily used random sampling in SY 2004-2005, will be required to use the new focused sampling methods if they do not qualify for an alternate sampling method. (Of the 16,226 reporting SFAs with fewer than 20,000 enrolled in SY 2004-2005, 5,128 would be required to sample 3 percent of applications using focused sampling.) An increase in focused sampling would likely result in an increase in applications that change in meal status, as well as in a rise in nonresponse rates.

References

USDA Reauthorization 2004 Implementation Memo
SP-5, SP-8, SP-9, SP-12, SP-13, SP-14.

Appendix

Appendix Table 1: Verification Outcomes by Certification Status, SY 2004-2005

Application Verification Outcome	Free Meals, Categorically Approved	Free Meals, Income Approved	Reduced-price, Income Approved
Responded, No Change	83.4%	65.1%	60.1%
Responded, Changed to Free	n/a	n/a	6.1%
Responded, Changed to Reduced-price	1.5%	7.3%	n/a
Responded, Changed to Paid	2.9%	4.2%	9.8%
Did Not Respond, Changed to Paid	12.1%	23.4%	24.0%
n=	89,916	242,218	103,855

Appendix Table 2: Verification Outcomes by Sampling Method, SY 2004-2005

Application Verification Outcome	Random Sampling	Focused Sampling	All Applications Sampled
Responded, No Change	70.2%	39.0%	88.6%
Responded, Changed to Free	1.5%	1.8%	0.7%
Responded, Changed to Reduced-price	3.6%	10.1%	1.8%
Responded, Changed to Paid	4.7%	9.8%	2.7%
Did Not Respond, Changed to Paid	20.0%	39.3%	6.1%
n=	304,925	64,224	42,286

**Appendix Table 3: Random Sampling Verification Outcomes
by Certification Status, SY 2004-2005**

Application Verification Outcome	Free Meals, Categorically Approved	Free Meals, Income Approved	Reduced-price, Income Approved
Responded, No Change	81.9%	68.7%	63.9%
Responded, Changed to Free	n/a	n/a	6.5%
Responded, Changed to Reduced-price	1.6%	5.8%	n/a
Responded, Changed to Paid	3.1%	3.8%	8.4%
Did Not Respond, Changed to Paid	13.4%	21.7%	21.2%
n=	59,629	173,834	71,462

**Appendix Table 4: Focused Sampling Verification Outcomes
by Certification Status, SY 2004-2005**

Application Verification Outcome	Free Meals, Categorically Approved	Free Meals, Income Approved	Reduced-price, Income Approved
Responded, No Change	77.6%	34.1%	28.8%
Responded, Changed to Free	n/a	n/a	6.6%
Responded, Changed to Reduced-price	1.6%	17.0%	n/a
Responded, Changed to Paid	3.7%	7.2%	18.5%
Did Not Respond, Changed to Paid	17.1%	41.7%	46.0%
n=	9,399	37,344	17,481

**Appendix Table 5: All Applications Sampled Verification Outcomes
by Certification Status, SY 2004-2005**

Application Verification Outcome	Free Meals, Categorically Approved	Free Meals, Income Approved	Reduced-price, Income Approved
Responded, No Change	97.0%	87.3%	82.2%
Responded, Changed to Free	n/a	n/a	3.1%
Responded, Changed to Reduced-price	0.4%	3.3%	n/a
Responded, Changed to Paid	0.9%	2.3%	5.6%
Did Not Respond, Changed to Paid	1.7%	7.1%	9.1%
n=	11,216	21,062	10,008

Appendix Table 6: Student Certification by SFA Size, SY 2004-2005

Student Certification	Fewer than 1,000 enrolled	1,000 – 9,999 enrolled	10,000 – 19,999 enrolled	20,000 or more enrolled
Reduced-price, Income Approved	22.6%	20.3%	18.6%	15.7%
Free, Provision 2/3 Schools	2.8%	2.2%	3.4%	8.2%
Free, Income Approved	41.3%	40.2%	41.2%	39.6%
Free, Categorically Approved	17.5%	17.2%	15.3%	11.7%
Free, Directly Certified	15.8%	20.1%	21.5%	24.9%
n=	1,189,257	6,515,209	2,498,036	8,723,216

Appendix Table 7: Verification Method by SFA Size, SY 2004-2005

SFA Size	Random Sampling	Focused Sampling	All Applications Sampled
Fewer than 1,000 enrolled	63.3%	27.4%	90.3%
1,000 – 9,999 enrolled	33.9%	51.8%	9.1%
10,000 – 19,999 enrolled	1.8%	10.8%	0.6%
20,000 or more enrolled	0.9%	10.0%	0.0%
n=	12,664	1,982	791

Appendix Table 8: Verification Outcomes by SFA Size, SY 2004-2005

Application Verification Outcome	Fewer than 1,000 enrolled	1,000 – 9,999 enrolled	10,000 – 19,999 enrolled	20,000 or more enrolled
Responded, No Change	87.0%	64.6%	64.8%	58.3%
Responded, Changed to Free	1.3%	1.8%	1.3%	1.1%
Responded, Changed to Reduced-price	2.0%	4.9%	4.7%	5.3%
Responded, Changed to Paid	2.8%	7.0%	5.0%	5.0%
Did Not Respond, Changed to Paid	6.9%	21.7%	24.2%	30.3%
n=	91,629	166,469	60,422	117,436

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